

**Department of Workforce Development
Division of Workforce Solutions**

Financial Policy

Applies to: County Child Support Directors
County Department of Human Services Directors
County Department of Social Services Directors
W-2 Agency Directors

Issue Date:

Topic: Subcontractor Audit Waivers

PURPOSE

This Financial Policy sets Department guidelines for granting waivers of subcontractor audits under State Statutes 66.0143.

BACKGROUND

The statutory (Section 49.34) threshold for requiring an audit is when a provider received \$25,000 or more in Department funding under a contract or grant in the provider's fiscal year. Department funds may be direct from the Department or through another agency such as when a county subcontracts Department funds to another provider. Department funds may be federal, state or a mixture of federal and state funding.

Wisconsin Statutes Section 66.0143 permits local municipalities (city, village, town or county) to request a waiver from state laws that do not impact health or safety. Therefore, local municipalities may request a waiver of the statutory \$25,000 audit threshold for their subcontracts.

The Department of Revenue (DOR) serves as the clearinghouse for mandate waiver requests. DOR then coordinates the waiver request with the affected state department(s). The affected state department(s) then allows or denies the waiver. Waivers are effective for four years and are renewable. For further information, see the DOR web-site at <http://www.dor.state.wi.us/slf/mandate.html>.

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POLICY

The Department will grant audit waivers for local municipality subcontracts involving Department funds for up to \$75,000. This effectively raises the audit threshold for such audits from \$25,000 to \$75,000. However, the waiver must be formally requested by the municipality through DOR. The higher \$75,000 threshold is consistent with what other State Agencies are allowing.

Chapter 66 waivers are only permitted for local municipalities. The Department's private providers are not eligible for these waivers.

If a subcontract is funded by multiple state agencies, all must grant the waiver for it to be effective.

The audit waiver does not relieve the provider of its responsibilities to monitor subcontracts under \$75,000 for compliance. Providers are expected to continue other monitoring efforts and

document those efforts. Such efforts may include desk reviews of cost claims and on-site monitoring visits.

QUESTIONS

Contact the Department of Revenue, which serves as the clearinghouse for waiver requests. Their web site is <http://www.dor.state.wi.us/slf/mandate.html>. Questions may be emailed to DOR at blfa@dor.state.wi.us. They in turn will contact us.